

SECOND REGULAR SESSION

HOUSE BILL NO. 2160

91ST GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES BRITT, KREIDER, ROSS, McKENNA, GREEN (15), JOLLY, JOHNSON (90), HOSMER, DOLAN, WAGNER, BOUCHER (Co-sponsors), FARNEN, SHIELDS, HARTZLER, HEGEMAN, CARNAHAN, O'CONNOR, SKAGGS, FOLEY, HICKEY, GEORGE, RANSDALL, REYNOLDS, VOGEL, MAYS (50), SMITH, KELLEY (47), HARLAN, LADD BAKER, HOLT, MONACO, SHOEMYER (9), GRAHAM, RIZZO, SCHEVE, ABEL, BARNETT, BRAY, KELLY (36), BARRY, GREEN (73), CRUMP, FRANKLIN, KELLY (27), GASKILL, HOLLINGSWORTH, MARBLE, WALTON, WARD, DAVIS, BERKOWITZ, SELBY, OSTMANN, WILLIAMS, RICHARDSON, CRAWFORD, REINHART, LUETKENHAUS, O'TOOLE, KOLLER, BLAND, COPENHAVER, WILSON (42), RELFORD AND HAMPTON.

Read 1st time March 13, 2002, and 1000 copies ordered printed.

TED WEDEL, Chief Clerk

5024L.01I

AN ACT

To amend chapter 86, RSMo, by adding thereto fifteen new sections relating to police retirement systems.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Chapter 86, RSMo, is amended by adding thereto fifteen new sections, to be known as sections 86.949, 86.952, 86.955, 86.958, 86.961, 86.964, 86.967, 86.970, 86.973, 86.976, 86.980, 86.985, 86.988, 86.991, and 86.994, to read as follows:

86.949. As used in sections 86.949 to 86.994, unless the context clearly indicates that a different meaning is intended, the following words and terms shall mean:

(1) "Annuity", annual payments, made in equal monthly installments, to a retired member from funds provided for, in, or authorized by, the provisions of sections 86.949 to 86.994;

(2) "Board of directors" or "board", the board of directors established by the provisions of sections 86.949 to 86.994;

(3) "Creditable service", the sum of both membership service and creditable prior service;

(4) "Effective date of the establishment of the system", the date the governor declares the system established pursuant to section 86.958;

(5) "Employee", any police chief and police officer of a municipal police

13 department, except police chiefs and police officers employed by the police department of
14 any city not within a county or the police department of any home rule city with more than
15 four hundred thousand inhabitants and located in more than one county;

16 (6) "Member and eligible members", any active police chief and police officer of
17 the system, any former police chief and police officer receiving retirement benefits from
18 the system, any former police chief and police officer that is vested in the system but is not
19 receiving benefits, any police chief and police officer on disability leave, and for the
20 purposes of section 86.961 only, any police chief and police officer who is full time and
21 employed by an eligible municipality;

22 (7) "Membership service", service as a police chief or a police officer of an eligible
23 municipality after becoming a member that is creditable in determining the amount of the
24 member's benefits under this system;

25 (8) "Municipality or eligible municipality", each municipal police department in
26 the state, except the police department of any city not within a county or the police
27 department of any home rule city with more than four hundred thousand inhabitants and
28 located in more than one county;

29 (9) "Prior service", service of a member rendered prior to the effective date of the
30 establishment of the system which is creditable under section 86.973;

31 (10) "Retirement system" or "system", the police chiefs and officer's retirement
32 system authorized by the provisions of sections 86.949 to 86.994.

86.952. There is hereby authorized a "Police Chiefs' and Officers' Retirement
2 Fund" which shall be under the management of a board of directors described in section
3 86.958. The board of directors shall be responsible for the administration and the
4 investment of the funds of such retirement fund. Neither the general assembly nor the
5 governing body of a county shall appropriate funds for deposit in the retirement fund. If
6 insufficient funds are generated to provide the benefits payable pursuant to the provisions
7 of sections 86.949 to 86.994, the board shall proportion the benefits according to the funds
8 available.

86.955. 1. There shall be assessed and collected a surcharge of fifty cents per month
2 on all automobile insurance policies, as defined in section 379.110, RSMo, which are
3 written in this state and reported to the department of insurance. The director of the
4 department of insurance shall collect the automobile insurance surcharge and disburse the
5 surcharge amounts to the police chiefs' and officers' retirement fund. Moneys credited to
6 the police chiefs' and officers' retirement fund shall be used only for the purposes provided
7 for in sections 86.949 to 86.994 and for no other purpose.

8 2. The board may accept gifts, donations, grants and bequests from public or

9 private sources to the police chiefs' and officers' retirement fund.

2 **86.958. 1. The general administration and the responsibility for the proper**
3 **operation of the fund and the investment of the fund are vested in a board of directors of**
4 **five persons. Three directors shall be either elected or appointed chiefs of police who are**
5 **members of the Missouri Police Chiefs' Association and two of the directors shall be**
6 **appointed full time municipal police officers who are members of the state fraternal order**
7 **of police. The three police chief directors shall be elected by a secret ballot vote of the**
8 **police chiefs of the municipalities. The two police officer directors shall be elected by a**
9 **secret ballot vote of police officers under the rank of chief. Directors shall be chosen for**
10 **terms of four years from the first day of January, except that the members of the first**
11 **board shall be appointed by the governor by and with the consent of the senate. Upon**
12 **completion of the appointment of the board, the governor shall declare the system**
13 **established. It shall be the responsibility of the initial board to establish procedures for the**
14 **conduct of future elections of trustees and such procedures must be approved by a**
15 **majority vote by secret ballot of the police chiefs & officers of all the eligible municipalities.**
16 **The board shall have all powers and duties that are necessary and proper to enable it, its**
17 **officers, employees and agents to fully and effectively carry out all the purposes of sections**
18 **86.949 to 86.994.**

19 **2. The board of directors shall elect one of their number as chair and one of their**
20 **number as vice chair and may employ an administrator who shall serve as secretary to the**
21 **board. The board shall hold regular meetings at least once each quarter. Other meetings**
22 **may be called as necessary by the chair. Notice of such meetings shall be given in**
23 **accordance with chapter 610, RSMo.**

24 **3. The board of directors shall retain an actuary as technical advisor to the board**
25 **of directors.**

26 **4. The board of directors shall retain investment counsel to be an investment**
27 **advisor to the board.**

28 **5. The board of directors shall arrange for annual audits by a certified public**
29 **accountant.**

30 **6. The board of directors shall serve without compensation for their services as**
31 **such; except that each director shall be paid for any necessary expenses incurred in the**
32 **performance of duties authorized by the board.**

33 **7. The board of directors shall be allowed administrative costs for the operation of**
34 **the system.**

35 **8. The board shall keep a record of its proceedings which shall be open to public**
inspection. It shall annually prepare a report showing the financial condition of the

36 system. The report shall contain, but not be limited to, an auditor's opinion, financial
37 statements prepared in accordance with generally accepted accounting principles, an
38 actuary's certification along with actuarial assumptions, and financial solvency tests.

39 **9. Other provisions of law to the contrary notwithstanding, after the expiration of**
40 **the terms of the board of trustees or directors holding office on July 11, 2002, the words**
41 **"trustees" and "directors" meaning directors, as defined in section 86.949, the directors**
42 **elected as successors to those directors holding office on July 11, 2002, shall be elected to**
43 **staggered terms of four years each in the following manner: two directors shall be elected**
44 **for a two-year term with their successors being elected to four-year terms and three**
45 **directors shall be elected for a four-year term. The procedures for such elections and the**
46 **designation of which terms will initially be two-year terms and which will be four-year**
47 **terms shall be established solely by the board of directors of the police chiefs' and officers'**
48 **retirement system. Three directors shall be elected by a secret ballot vote of the active and**
49 **eligible police chiefs and two directors shall be elected by a secret vote of the active and**
50 **eligible police officers with a rank less than chief. Beginning with the election of directors**
51 **under the provisions of this subsection, at least one but not more than two of the directors**
52 **may be a retired member of the police chiefs' and officers' retirement system, except that**
53 **any vacancies occurring on the board after all members have been duly elected shall be**
54 **filled by the board and such appointed member shall serve until the next regularly**
55 **scheduled election for such filled position.**

56 **10. Notwithstanding any provision of law to the contrary, any board member who**
57 **was elected to the board as an active member representative and becomes a retired**
58 **member of the system after such election shall, with the approval of the board, continue**
59 **to serve on the board as an active member representative until the next regularly scheduled**
60 **election for that position.**

86.961. On and after the effective date of the establishment of the system, as an
2 **incident to his or her employment or continued employment, each person employed full**
3 **time as an elected marshal or chief of police, appointed chief of police or police officer of**
4 **a municipality shall become a member of the system, with the exception of chiefs and police**
5 **officers of any city not within a county or any home rule city with more than four hundred**
6 **thousand inhabitants and located in more than one county. Such membership shall**
7 **continue as long as the person continues to be an employee in a municipal police**
8 **department, or receives or is eligible to receive benefits under the provisions of sections**
9 **86.949 to 86.994.**

86.964. 1. Any member who has attained the age of fifty-five years and who has
2 **fifteen years or more of creditable service as police chief or police officer of an eligible**

3 municipality may retire with a normal annuity.

4 2. Any member who has attained the age of sixty-two years and who has at least ten
5 years of creditable service as an eligible police chief or officer of an eligible municipality
6 may retire with a normal annuity.

 86.967. 1. The normal annuity of a retired member shall equal one thousand
2 dollars per month or twelve thousand dollars per year.

3 2. The board, at its last meeting of each calendar year, shall determine the monthly
4 amount for medical insurance premiums to be paid to each retired member during the next
5 following calendar year. The monthly amount shall not exceed four hundred fifty dollars.
6 The monthly payments are at the discretion of the board on the advice of the actuary. The
7 anticipated sum of all such payments during the year plus the annual normal cost plus the
8 annual amount to amortize the unfunded actuarial accrued liability in no more than thirty
9 years shall not exceed the anticipated moneys credited to the system pursuant to section
10 86.955. The money amount granted here shall not be continued to any survivor.

 86.970. For the purpose of calculating benefits of a member, years of service as an
2 employee and twelfths of a year are to be used.

 86.973. Any eligible police chief or officer who becomes a member of the system on
2 the effective date of the establishment of the system shall be given credit for eligible prior
3 service up to five years if the member is forty-five years of age or older. All such prior
4 service must be established to the satisfaction of the board.

 86.976. Any member may retire at any time after the end of the month during
2 which the member becomes eligible to retire under the provisions of section 86.964 and
3 upon the member's submission of a written application to the board setting forth at what
4 time, not less than thirty days nor more than ninety days subsequent to the execution and
5 filing of the application, the member desires to be retired. The payment of the annuity,
6 subject to the provisions of section 86.994, shall begin as of the first day of the calendar
7 month coincident with or next following the date specified by the member.

 86.980. A death benefit of ten thousand dollars may be paid to the designated
2 beneficiary of every active member upon his or her death or to his or her estate if there is
3 no designated beneficiary, or in lieu thereof, a benefit of ten thousand dollars shall be so
4 paid if the member is killed in the performance of his or her duty.

 86.985. 1. Upon termination of employment, any member with ten or more years
2 of creditable service shall be entitled to a deferred normal annuity, payable at age fifty-five
3 with fifteen or more years of creditable service, and payable at age sixty-two with less than
4 twelve years of creditable service. Any member with less than ten years of creditable
5 service shall forfeit all rights in the fund, including the member's accrued creditable

6 service as of the date of the member's termination of employment. Monthly benefit shall
7 be one thousand dollars multiplied by a fraction, the numerator of which is the members
8 creditable service and the denominator of which is the creditable service the vested
9 terminated member would have had the member continued employment to the normal
10 retirement date.

11 2. A former member who has forfeited creditable service may have the creditable
12 service restored by again becoming an employee and completing four years of continuous
13 membership service.

14 3. Absences for sickness or injury of less than twelve months shall be counted as
15 membership service.

86.988. 1. Any annuity, benefits, funds, property, or rights created by, or accruing
2 to, any person under the provisions of sections 86.949 to 86.994, are hereby made and
3 declared exempt from any tax of the state of Missouri or any political subdivision or taxing
4 body thereof, and shall not be subject to execution, garnishment, attachment, writ of
5 sequestration, or any other process or claim whatsoever, and shall be unassignable.

6 2. No alteration, amendment, or repeal of the provisions of sections 86.949 to 86.994
7 shall affect the then existing rights of members and beneficiaries, but shall be effective only
8 as to rights which would otherwise accrue hereunder as a result of services rendered by an
9 employee after such alteration, amendment, or repeal.

86.991. The benefits provided for by sections 86.949 to 86.994 shall in no way affect
2 any person's eligibility for retirement benefits under the local government employees'
3 retirement system, sections 70.600 to 70.755, RSMo, or any other local government
4 retirement or pension system, or in any way have the effect of reducing retirement benefits
5 in such systems, or reducing compensation or mileage reimbursement of employees,
6 anything to the contrary notwithstanding.

86.994. Annuity payments to retired employees under the provisions of sections
2 86.949 to 86.994 shall be available beginning January first next succeeding the expiration
3 of four calendar years from the effective date of the establishment of the system to eligible
4 retired employees, and employees with at least ten years of creditable service shall have
5 vested rights and upon reaching the required age shall be entitled to retirement benefits.